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MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007

Proposals of the Director-General

Provide information on proposed activities in the forthcoming medium-term programme framework period, 2004-2007

Introduction

1. The present note is submitted in accordance with General Conference decision GC.2/Dec.23, as subsequently amended in decision GC.6/Dec.10, which requests the Director-General to submit to the Board in the first year of each fiscal period, through the Committee, a draft medium-term programme framework (MTPF) for the four years that follow the current fiscal period. It also complies with paragraph (b) (v) d of decision GC.2/Dec.23, which requests the Director-General to indicate a general ceiling for the biennium 2004-2005 based on anticipated resources and on programme activity.

I. BACKGROUND—THE BUSINESS PLAN AND MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005

2. The broad programmatic objectives and priorities of UNIDO are given in the Business Plan on the Future Role and Functions of UNIDO endorsed by the General Conference in resolution GC.7/Res.1. This Business Plan grouped the activities of UNIDO into two areas of concentration:

(a) Strengthening industrial capacities, including programmes in support of the global forum function and policy advice; and

(b) Cleaner and sustainable industrial development.

In addition, while maintaining the universal character and vocation of UNIDO, the Business Plan provided for the Organization's activities to be focused geographically on least developed countries, in particular in Africa; sectorally on agro-based industries; and thematically on small and medium enterprises (SMEs).

3. The validity of the Business Plan as a basis for the organizational and programmatic transformation of UNIDO continues to be recognized by Member States,

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as was most recently reaffirmed by the General Conference in resolution GC.9/Res.2 on the MTPF for 2002-2005.

4. In accordance with the Business Plan and the MTPF for 2002-2005, UNIDO has consolidated the range of services it offers into eight service modules:

(a) Industrial governance and statistics;

(b) Investment and technology promotion;

(c) Quality and productivity;

(d) Small business development;

(e) Agro-industries;

(f) Industrial energy and Kyoto Protocol;

(g) Montreal Protocol;

(h) Environment management.

5. UNIDO uses two vehicles for providing these services:

(a) Integrated programmes (IPs) or country service frameworks (CSFs), where a selection of service modules is employed in a coherent and mutually reinforcing manner to assist client countries in overcoming their critical industrial development problems;

(b) Stand-alone projects involving only one or two service modules.

II. PROPOSALS FOR THE MTPF 2004-2007

6. The MTPF for 2004-2007 is expected to maintain a broad continuity with the current MTPF for 2002-2005. This continuity will be facilitated by the overlap of the two framework periods in the biennium 2004-2005, and by the expectation that the MTPF for 2004-2007 will continue to adhere, in general terms, to the objectives and priorities laid out in the Business Plan.

7. At the same time, some significant adjustments in the range of services offered by UNIDO and the manner in which they are provided will be inevitable in view of the dynamic nature of international development issues and the need for UNIDO to remain responsive to the changing industrial development requirements of its client countries. This need for UNIDO to adapt its functions and priorities to the new realities of the changing global economic environment has also been acknowledged in General Conference resolution GC.9/Res.2.

8. In this context, UNIDO is currently seeking ways to refine both the substantive content of its support services for industrial development in developing countries and countries with economies in transition, and the manner in which they are applied. The substantive changes will seek to take account of shifts in demand for UNIDO services, as given in the Millennium Declaration Goals (MDGs), for example, or as determined through ongoing consultations with Member States. The procedural and methodological changes, meanwhile, will be aimed at drawing the appropriate conclusions from the experience of the recent past with a view to improving the provision of UNIDO's services in terms of coverage, efficiency and effectiveness. While these efforts are expected to be concluded in the current 2002-2003 biennium, and at least some of the resulting measures to be introduced by the end of 2003, these developments will set the parameters for the changes to be introduced in the MTPF for 2004-2007.

9. With regard to the substantive changes, a proposal was submitted by the Government of Japan at the twenty-fifth session of the Industrial Development Board (IDB.25/CRP.8). This proposal is based on the hypothesis of the Japanese Government that, in order to fulfil its role effectively, UNIDO needs to evaluate the achievements of the Business Plan and to develop a strategy for adopting a more clearly focused set of technical cooperation activities in conformity with the Business Plan and the MTPF for 2002-2005. Against this background, the Japanese delegation to the twenty-fifth session of the Board presented an "Outline of a UNIDO Strategy Paper" indicating specific areas on which UNIDO should focus its technical cooperation activities and enumerating a number of points that should be considered in UNIDO's delivery of technical cooperation. This proposal is intended to form the basis of intersessional consultations with other Member States and the UNIDO Secretariat leading to the finalization of a strategy paper for the Organization for submission to the twenty-sixth session of the Industrial Development Board in November 2002. These consultations, and the resulting strategy paper, will no doubt have an impact on the formulation of the MTPF for 2004-2007.

10. With regard to the methods of delivery of its technical cooperation services, UNIDO is in the process of developing a set of thematic initiatives to supplement the existing modalities of integrated programmes, country service frameworks and stand-alone projects. These initiatives are intended to provide specialized assistance to developing countries and countries with economies in transition in meeting particularly pressing development needs in line with the international development agenda and UNIDO's comparative advantages in the field of industrial development. One such initiative, to facilitate access to international markets for these countries by helping them to meet quality and standards requirements and overcome other technical barriers to trade, has already been launched.

Several other initiatives—dealing with rural energy, sustainable business linkages, product innovation, food security, post-crisis rehabilitation, biotechnology and technology foresight—are currently under consideration. After due evaluation, the most promising of these are expected to be introduced by the end of 2002.

11. The resources required for the implementation of the medium-term framework 2004-2007 will have to be determined in conjunction with the finalization of its substantive content.

III. ACTION REQUIRED OF THE COMMITTEE

12. The Committee may wish to take note of the present document.